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LOCAL AUDIT & FINANCE DIV.

31-1130  
**FINANCIAL STATEMENTS**  
(Houghton)  
**TOWNSHIP OF STANTON**  
Houghton, Michigan

March 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>TOWNSHIP OF STANTON</b>	County <b>HOUGHTON</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/13/04</b>	Date Accountant Report Submitted to State: <b>9/24/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☒ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>JUTILA, JORGENSEN, &amp; ASSOCIATES PC</b>			
Street Address <b>PO BOX 175</b>		City <b>HOUGHTON</b>	State <b>MI</b>
Accountant Signature <i>Michael J. Jutila, CPA</i>		ZIP <b>49931</b>	Date <b>9/15/04</b>

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Jutila, Jorgenson, and Associates PC  
P.O. Box 175  
Houghton, MI 49931-0175  
906-482-2358  
September 13, 2004

## **Independent Auditor's report**

The Honorable Supervisor and Members  
Township of Stanton  
Houghton, Michigan

We have audited the accompanying general purpose financial statements of the TOWNSHIP of STANTON as of March 31, 2004 and for the year then ended, as listed in the table of content. These general purpose financial statements are the responsibility of the township board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the general fixed asset account group which should be included to conform to generally accepted accounting principles. The amount that should be recorded in the general fixed asset account group is not known.

In our opinion, except for the effect on the general purpose financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the TOWNSHIP of STANTON as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 13, 2004, on our consideration of the TOWNSHIP of STANTON internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental financial information listed in the table of contents is presented for purposes of additional analyses and is not a required part of the general purpose financial statements of the TOWNSHIP of STANTON. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

*Michael J. Jutila, C.P.A.*

Michael J. Jutila, CPA

Certified Public Accountant

Jutila, Jorgenson, and Associates PC

Jutila, Jorgenson, and Associates PC  
Certified Public Accountant  
P.O. Box 175  
Houghton, Michigan 49931  
September 13, 2004

Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards

The Honorable Supervisor and Members  
Township of Stanton  
Houghton, Michigan

We have audited the general purpose financial statements of the TOWNSHIP of STANTON as of and for the year ended March 31, 2004, and have issued our report thereon dated September 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the TOWNSHIP of STANTON, MICHIGAN's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the TOWNSHIP of STANTON in a separate letter dated September 13, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the TOWNSHIP of STANTON's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We

noted no matters involving the internal control over financial reporting and its operation that we consider being material weaknesses.

However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the TOWNSHIP of STANTON in a separate letter dated September 13, 2004. This report is intended for the information of the Township Board and management. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

*Michael J. Jutila, C.P.A.*

Michael J. Jutila, CPA  
Certified Public Accountant  
Jutila, Jorgenson, and Associates PC

**GENERAL PURPOSE FINANCIAL STATEMENTS**



**TOWNSHIP OF STANTON**  
**Combined Balance Sheet All Fund Types**  
**MARCH 31, 2004**

	Government Fund Types		Fiduciary Fund Type	Proprietary Fund Type	Totals- (Memorandum Only)
	General	Special Revenue	Trust & Agency	Enterprise	Reporting Entity
<b>ASSETS</b>					
Cash	\$ 227,242	\$ 158,785	\$ 51,103	\$ 14,898	\$ 452,028
Taxes receivable	9,712	8,562	-	480	18,754
Due from other funds	12,203	3,200	-	-	15,403
<b>TOTAL ASSETS</b>	<b>\$ 249,157</b>	<b>\$ 170,547</b>	<b>\$ 51,103</b>	<b>\$ 15,378</b>	<b>\$ 486,185</b>

**TOWNSHIP OF STANTON**  
**Combined Balance Sheet All Fund Types**  
**MARCH 31, 2004**

	Government Fund Types		Fiduciary Fund Type	Proprietary Fund Type	Totals - (Memorandum Only) Reporting Entity
	General	Special Revenue	Trust & Agency	Enterprise	
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 4,462	\$ 11,077	\$ -	\$ -	\$ 15,539
Due to other funds	-	-	5,403	10,000	15,403
Due to State of Michigan	-	-	32,887	-	32,887
Due to others	-	-	12,813	-	12,813
Deferred revenue	11,026	11,761	-	480	23,267
<b>TOTAL LIABILITIES</b>	<b>\$ 15,488</b>	<b>\$ 22,838</b>	<b>\$ 51,103</b>	<b>\$ 10,280</b>	<b>\$ 99,909</b>
<b>FUND EQUITY:</b>					
Retained Earnings	\$ -	\$ -	\$ -	\$ 4,898	\$ 4,898
Fund Balance:					
Unreserved	\$ 233,669	\$ 147,709	\$ -	\$ -	\$ 381,378
Reserved	-	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>\$ 233,669</b>	<b>\$ 147,709</b>	<b>\$ -</b>	<b>\$ 4,898</b>	<b>\$ 386,276</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 249,157</b>	<b>\$ 170,547</b>	<b>\$ 51,103</b>	<b>\$ 15,378</b>	<b>\$ 486,185</b>

**TOWNSHIP OF STANTON**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balance**  
**ALL GOVERNMENT FUND TYPES**  
**FOR YEAR ENDED MARCH 31, 2004**

	Government Fund Types		Totals (Memorandum Only)
	General	Special Revenue	Reporting Entity
<b>REVENUES</b>			
Taxes	\$ 39,185	\$ 84,038	\$ 123,223
Licenses and Permits	1,740	-	1,740
State sources	111,238	-	111,238
Charges for services	14,588	-	14,588
Fines and forfeits	-	-	-
Interest	4,271	2,378	6,649
Other revenues	8,870	-	8,870
<b>TOTAL REVENUES</b>	<u>\$ 179,892</u>	<u>\$ 86,416</u>	<u>\$ 266,308</u>
<b>EXPENDITURES</b>			
Legislative	\$ 29,075	\$ -	\$ 29,075
General services and administration	52,926	-	52,926
Public safety	6,642	16,559	23,201
Public works	135	-	135
Recreation and culture	15,389	-	15,389
Capital outlay	26,566	164,542	191,108
<b>TOTAL EXPENDITURES</b>	<u>\$ 130,733</u>	<u>\$ 181,101</u>	<u>\$ 311,834</u>
<b>EXCESS REVENUES(EXPENDITURES)</b>	<u>\$ 49,159</u>	<u>\$ (94,685)</u>	<u>\$ (45,526)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers from other funds	\$ -	\$ 78,500	\$ 78,500
Operating transfers to other funds	\$ 78,500	\$ -	\$ 78,500
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ (78,500)</u>	<u>\$ 78,500</u>	<u>\$ -</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES(EXPENDITURES AND OTHER USES)</b>	<u>\$ (29,341)</u>	<u>\$ (16,185)</u>	<u>\$ (45,526)</u>
<b>FUND BALANCE, April 1</b>	<u>\$ 263,010</u>	<u>\$ 163,894</u>	<u>\$ 426,904</u>
<b>FUND BALANCE, March 31</b>	<u>\$ 233,669</u>	<u>\$ 147,709</u>	<u>\$ 381,378</u>

See notes to financial statements

**TOWNSHIP OF STANTON**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**ALL GOVERNMENT FUND TYPES – BUDGET AND ACTUAL**  
**FOR YEAR ENDED MARCH 31, 2004**

	General Fund			Special Revenue Funds			Totals - (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>									
Taxes									
Licenses and Permits	\$ 36,800	\$ 39,185	\$ 2,385	\$ -	\$ 84,038	\$ 84,038	\$ 36,800	\$ 123,223	\$ 86,423
State Sources	1,500	1,740	240	-	-	-	1,500	1,740	240
Charges for services	103,700	111,238	7,538	-	-	-	103,700	111,238	7,538
Fines and forfeits	15,900	14,588	(1,312)	-	-	-	15,900	14,588	(1,312)
Interest	-	-	-	-	-	-	-	-	-
Other revenues	2,500	4,271	1,771	-	2,378	2,378	2,500	6,649	4,149
TOTAL REVENUES	9,000	8,870	(130)	-	-	-	9,000	8,870	(130)
	<u>\$ 169,400</u>	<u>\$ 179,892</u>	<u>\$ 10,492</u>	<u>\$ -</u>	<u>\$ 86,416</u>	<u>\$ 86,416</u>	<u>\$ 169,400</u>	<u>\$ 266,308</u>	<u>\$ 96,908</u>
<b>EXPENDITURES</b>									
Legislative									
General services and administration	\$ 32,800	\$ 29,075	\$ 3,725	\$ -	\$ -	\$ -	\$ 32,800	\$ 29,075	\$ 3,725
Public safety	67,000	52,926	14,074	-	-	-	67,000	52,926	14,074
Public works	8,000	6,642	1,358	-	16,559	(16,559)	8,000	23,201	(15,201)
Recreation and culture	200	135	65	-	-	-	200	135	65
Capital outlay	15,700	15,389	311	-	-	-	15,700	15,389	311
TOTAL EXPENDITURES	37,600	26,566	11,034	-	164,542	(164,542)	37,600	191,108	(153,508)
	<u>\$ 161,300</u>	<u>\$ 130,733</u>	<u>\$ 30,567</u>	<u>\$ -</u>	<u>\$ 181,101</u>	<u>\$ (181,101)</u>	<u>\$ 161,300</u>	<u>\$ 311,834</u>	<u>\$ (150,534)</u>
EXCESS REVENUES(EXPENDITURES)	\$ 8,100	\$ 49,159	\$ 41,059	\$ -	\$ (94,685)	\$ (94,685)	\$ 8,100	\$ (45,526)	\$ (53,626)
OTHER FINANCING SOURCES (USES)									
Operating transfers from other funds	\$ -	\$ -	\$ -	\$ -	\$ 78,500	\$ 78,500	\$ -	\$ 78,500	\$ 78,500
Operating transfers to other funds	78,500	78,500	-	-	-	-	78,500	78,500	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (78,500)</u>	<u>\$ (78,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,500</u>	<u>\$ 78,500</u>	<u>\$ (78,500)</u>	<u>\$ -</u>	<u>\$ 78,500</u>
EXCESS OF REVENUES AND OTHER SOURCES(EXPENDITURES AND OTHER USES)	\$ (70,400)	\$ (29,341)	\$ 41,059	\$ -	\$ (16,185)	\$ (16,185)	\$ (70,400)	\$ (45,526)	\$ 24,874
FUND BALANCE, April 1		263,010			163,894			426,904	
FUND BALANCE, March 31		<u>\$ 233,669</u>			<u>\$ 147,709</u>			<u>\$ 381,378</u>	

**Notes to financial statements**  
**TOWNSHIP OF STANTON**  
**MARCH 31, 2004**

**NOTE A – THE FINANCIAL REPORTING ENTITY**

The Township of Stanton, Michigan, is located in Houghton County Michigan. The Township operates under an elected Township Board of five (5) members and provides services, assistance and care to its residents. As required by generally accepted accounting principles, these general purpose financial statements represent the Township of Stanton.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS PRESENTATION:***

Fund account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

***GOVERNMENTAL FUND TYPES***

Governmental funds are used to account for the Township's general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The Township considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, license, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the Township and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

General Fund – The general fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Special Revenue Funds – The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Debt Service Funds – The debt service fund accounts for the servicing of general long term debt not being financed by proprietary or nonexpendable trust funds. The Township currently has no Debt Service Funds.

Capital Projects Funds – The capital projects funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. The Township currently has no Capital Projects Funds.

### ***PROPRIETARY FUND TYPES***

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As allowed in Section p80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Township has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. Proprietary funds include the following fund types:

Enterprise Funds – Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the intent of the board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Internal Service Funds – Internal service funds account for the operations that provide services to other departments or agencies of the Township, or to other governments, on a cost-reimbursement basis. The Township currently has no Internal Service Funds.

### ***FIDUCIARY FUND TYPES***

Fiduciary funds account for assets held by the Township in a trustee's capacity or as an agent on behalf of others. Trust funds account for assets held by the Township under the terms of formal trust agreement.

Expendable Trust Fund – The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets of which both the

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

principle and interest may be spent. The Township currently has no Expendable Trust Funds.

Agency Fund – The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the Township holds for others in an agency capacity.

### ACCOUNT GROUPS

General Fixed Assets Account Group – Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The Township currently has no General Fixed Asset Account Group.

General Long-Term Debt Account Group – The general long term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities or proprietary or trust funds. The Township currently has no General Long-Term Debt Account Group.

### Budgets and Budgetary Accounting

The primary government follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least one formal hearing conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31, of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing the Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the General Appropriations Act.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.

- e. The Township Supervisor is authorized by means of the Township policy to make certain transfers:
  - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group (s) and amounts to be affected within prescribed limitations. The Board must approve transfers in excess of those limitations.
  - 2. The following considerations must be reviewed in determination of transfer approvals:
    - a. Are the transfers consistent with the intent of the Board in adopting the annual budget?
    - b. Will the transfer maintain the financial integrity of the Township?
    - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Township Supervisor and submitted to the Budget Committee for further consideration. If approved, they are transmitted to the Township Board for their review and approval. If approved, they are implemented by the Supervisor's Office through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board, i.e., department for analytical purposes.
- g. The budget for the General Fund was adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Total Columns – Total columns on the general-purpose financial statements are captioned “memorandum” only, because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Inter-fund eliminations have not been made in the aggregation of this data.

Cash and Equivalents and Investments – Cash and equivalents consist of demand deposits; cash in savings, money market accounts, and short-term certificates of deposit with an original maturity of three months or less. Investments are carried at fair value.

Property Taxes – Property taxes are levied twice a year. The taxes are collected by the local units of government within the Township and periodically remitted to other governmental entities during the collection period. It is Houghton County’s policy, through its Internal Service 100% Tax Payment Fund, to purchase delinquent real property taxes and special assessments each year to afford 100% collection of the current levy to Stanton Township.

The tax rate to finance general government services for the year ended March 31, 2004, was 1.1735 per \$1000 of assessed valuation. The present taxable valuation is \$26,891,064.

Receivables - All trade receivables are shown net of an allowance for uncollectibles.

Inventory – Inventories are not significant and have not been recognized in any of the funds.

Risk Management – The Township is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The Township maintains insurance coverage through the Michigan Township Participating Plan, which covers each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three years.

Accumulated Unpaid Vacation and Sick Leave – The Township does not allow employees to accumulate unused vacation or sick leave.

Fund Equity – Reservation of fund balance represents amounts that are appropriable or legally segregated for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

Long-Term Obligations – Long-term obligations are recognized as a liability of a governmental fund when they are due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed for expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

such obligations as reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. The Township currently does not have a need for the General Long Term Debt Account Group.

Grants and Other Intergovernmental Revenues - Federal grants and assistance awards for all governmental types are recorded as intergovernmental revenue in accordance with the terms of the representative grants or assistance.

Inter-fund Transfers - During the course of normal operations, the Township may have transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Township management determines the classification of amounts recorded as subsidies, advances, or equity contributions.

Due To and Due From - Inter-fund receivable and payables arise from inter-fund Transactions and are recorded by all funds affected in the period in which transactions are executed.

Deferred Revenue - The Township reports deferred revenue on its combined balance sheets. Deferred revenues arise when potential revenue does not meet both the 'measurable' and 'available' criteria for recognition on the current period. Deferred revenues also arise when the Township receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheets and revenue is recognized. Property taxes not collected within 60 days of the fiscal year end are classified as deferred revenue.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and affect the disclosure of contingent assets and liabilities at the date of financial statements. The estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE C – DEPOSITS AND INVESTMENTS

The composition of cash and investments as reported on the combined balance sheet is presented below:

	Primary Government
Combined Balance Sheet:	
Cash and Investments:	
Unrestricted	\$ 452,028
Restricted	-
Cash and investments	-
Overdraft	-
<i>TOTAL</i>	<u>\$ 452,028</u>
Composition of Balances:	
Cash and Equivalents	\$ 452,028
Investments	-
<i>TOTAL</i>	<u>\$ 452,028</u>

Act 20 PA 1943 as amended, authorized the Township to deposit and invest in:

1. Bonds and other direct obligations of the United States or its agencies.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be a depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).
3. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
4. United States government or Federal agency obligation repurchase agreements.
5. Banker's acceptance of United States banks.
6. Mutual funds composed of investments, which are legal for direct investments by local units of government in Michigan.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Deposits

At year-end, the carrying amount of the Township's deposits was \$451,828 and the balance per bank was \$453,153. Of the bank balance, approximated 72% was covered by federal depository insurance according to FDIC regulations.

These deposits are in one financial institution in varying accounts. All accounts are in the name of the Township and specific funds. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

The Township's cash is categorized below to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes amounts insured by the FDIC or collateralized with securities held by the Township in its name. Category 2 includes amounts collateralized with securities held by the pledging financial institution's trust department in the Township's name. Category 3 includes amounts, which are uncollateralized.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Non- Category</u>	<u>Carrying Amount</u>
Reporting entity:					
Checking and Savings	\$ 324,786	\$ -	\$ 127,042	\$ -	\$ 451,828

### **NOTE D – DUE TO / FROM OTHER FUNDS**

A Summary of due to / from other funds by fund type is as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Primary Government:		
General Fund	\$ 12,203	\$ -
Special revenue	3,200	-
Agency	-	5,403
Proprietary	-	10,000
<b><i>TOTAL PRIMARY GOVERNMENT</i></b>	<u><u>\$ 15,403</u></u>	<u><u>\$ 15,403</u></u>

### **NOTE E – FUND EQUITY DEFICITS**

There were no funds which had deficit fund balances as of March 31, 2004.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE G – PENSION PLAN

#### DEFINED CONTRIBUTION PENSION PLAN

The Township has a defined contribution retirement plan covering all elected officials. The Township's contribution for all funds amounted to \$0 for the year ended March 31, 2004. All pension contributions for the year ended March 31, 2004 were fully paid by March 31, 2003. The funds vest immediately.

The premium due under the policy, which is paid totally by the Township, is based on the elected official's income level. No actuarial information is available for the plan.

### NOTE H – FISCAL YEAR

The Township operated on a fiscal year ending March 31.

### NOTE I- SELECTED FINANCIAL INFORMATION FOR BUSINESS SEGEMENTS OF ENTERPRISE FUNDS

Selected financial information for the sewer fund for the year ended March 31, 2004 is presented as follows:

Operating Revenue	\$ 3590
Operating Expenses	800
Depreciation	-
Operating Income (Loss)	2790
Net Income (Loss)	2912
Fixed Asset Additions	-
Net Working Capital	4898
Total Assets	15,378
Total Equity	4898

**Supplemental Financial Information**

### **General Fund**

The general fund is used to account for resources traditionally associated with the Township that are not legally or by sound financial management to be accounted for in another fund.

**TOWNSHIP OF STANTON**  
***General Fund***  
**BALANCE SHEET**  
**MARCH 31, 2004**

**ASSETS**

Cash	\$	227,242
Taxes receivable		9,712
Due from other funds		12,203

TOTAL ASSETS	\$	<u>249,157</u>
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**LIABILITIES**

Accounts payable and accrued expenses	\$	4,462
Deferred revenue		<u>11,026</u>

TOTAL LIABILITIES	\$	<u>15,488</u>
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**FUND EQUITY**

Fund Balance		
Unrestricted	\$	<u>233,669</u>

TOTAL LIABILITIES AND EQUITY	\$	<u>249,157</u>
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**TOWNSHIP OF STANTON  
GENERAL FUND  
DETAIL OF REVENUES – BUDGET AND ACTUAL  
FOR YEAR ENDED MARCH 31, 2004**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>General Property Taxes</b>			
Operating tax levy	\$ 30,000	\$ 27,771	\$ (2,229)
Delinquent tax collection and interest	-	3,025	3,025
Administrative fees	6,800	8,389	1,589
Total general property taxes	<u>\$ 36,800</u>	<u>\$ 39,185</u>	<u>\$ 2,385</u>
<b>License and Permits</b>	<u>\$ 1,500</u>	<u>\$ 1,740</u>	<u>\$ 240</u>
<b>Intergovernmental Revenue</b>			
Payments in Lieu of taxes			
Commercial forest reserves	\$ 4,500	\$ 7,543	\$ 3,043
State shared taxes	99,200	98,786	(414)
State grants	-	4,909	4,909
Total intergovernmental revenue	<u>\$ 103,700</u>	<u>\$ 111,238</u>	<u>\$ 7,538</u>
<b>Charges for services</b>			
Rents	\$ 7,400	\$ 7,344	\$ (56)
Services	\$ 8,500	\$ 7,244	\$ (1,256)
Total charges for services	<u>\$ 15,900</u>	<u>\$ 14,588</u>	<u>\$ (1,312)</u>
<b>Fines and forfeits</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Interest</b>	<u>\$ 2,500</u>	<u>\$ 4,271</u>	<u>\$ 1,771</u>
<b>Other revenue</b>			
Cemetery lots and burials	\$ 3,000	\$ 2,955	\$ (45)
Donations	6,000	5,915	(85)
Miscellaneous	-	-	-
Total other revenue	<u>\$ 9,000</u>	<u>\$ 8,870</u>	<u>\$ (130)</u>
<b>TOTAL REVENUE</b>	<u>\$ 169,400</u>	<u>\$ 179,892</u>	<u>\$ 10,492</u>

**TOWNSHIP OF STANTON**  
**GENERAL FUND**  
**DETAIL OF EXPENDITURES – BUDGET AND ACTUAL**  
**FOR YEAR ENDED MARCH 31, 2004**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Legislative</b>			
<b>Township Board</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 3,100	\$ 2,925	\$ 175
Employee benefits	5,500	2,036	964
Total Personal Services	<u>\$ 8,600</u>	<u>\$ 4,961</u>	<u>\$ 1,139</u>
Capital outlay	\$ -	\$ -	\$ -
Other current expenditures			
Office supplies	3,000	2,210	790
Printing and publishing	-	109	(109)
Insurance	15,000	16,942	(1,942)
Contracted services	-	70	(70)
Service charges	-	-	-
Dues and memberships	1,000	573	427
Operating supplies	1,000	929	71
Travel	200	78	122
Telephone	3,500	2,695	805
Utilities	-	-	-
Miscellaneous	500	508	(8)
Total other current expenditures	<u>\$ 24,200</u>	<u>\$ 24,114</u>	<u>\$ 86</u>
<b>TOTAL LEGISLATIVE</b>	<u><u>\$ 32,800</u></u>	<u><u>\$ 29,075</u></u>	<u><u>\$ 3,725</u></u>
<b>General Government</b>			
<b>Supervisor</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 4,100	\$ 3,875	\$ 225
Capital outlay	-	-	-
Other current expenditures			
Travel	-	175	(175)
Telephone	-	20	(20)
Postage	-	-	-
Miscellaneous	1,000	214	786
Total other current expenditures	<u>\$ 1,000</u>	<u>\$ 409</u>	<u>\$ 591</u>
	<u>\$ 5,100</u>	<u>\$ 4,284</u>	<u>\$ 816</u>
<b>Elections</b>			
Personal services, salaries and wages			
Salaries and wages	\$ -	\$ -	\$ -
Capital outlay	-	-	-
Other current expenditures			
Office supplies	-	-	-
Printing and publishing	-	-	-
Miscellaneous	500	79	421
Total other current expenditures	<u>\$ 500</u>	<u>\$ 79</u>	<u>\$ 421</u>
	<u>\$ 500</u>	<u>\$ 79</u>	<u>\$ 421</u>
<b>Legal/Accounting</b>			
Personal services, salaries and wages			
Salaries and wages	\$ -	\$ -	\$ -
Capital outlay	-	-	-
Other current expenditures			
Contracted services	4,500	2,900	1,600
Miscellaneous	1,000	568	432
Total other current expenditures	<u>\$ 5,500</u>	<u>\$ 3,468</u>	<u>\$ 2,032</u>
	<u>\$ 5,500</u>	<u>\$ 3,468</u>	<u>\$ 2,032</u>

**TOWNSHIP OF STANTON**  
**GENERAL FUND**  
**DETAIL OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)**  
**FOR YEAR ENDED MARCH 31, 2004**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Assesor/Equalization</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 13,300	\$ 11,285	\$ 2,015
Capital outlay			
Other current expenditures			
Contracted services	\$ 1,000	\$ 2,154	\$ (1,154)
Operating supplies	-	-	-
Dues and memberships	-	50	(50)
Postage	-	-	-
Travel	-	687	(687)
Training	-	-	-
Miscellaneous	2,000	-	2,000
Total other current expenditures	<u>\$ 3,000</u>	<u>\$ 2,891</u>	<u>\$ 109</u>
	<u>\$ 16,300</u>	<u>\$ 14,176</u>	<u>\$ 2,124</u>
<b>Clerk</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 7,800	\$ 6,668	\$ 1,132
Capital outlay			
Other current expenditures			
Office supplies	-	-	-
Travel	-	176	(176)
Postage	-	-	-
Training	-	50	(50)
Miscellaneous	500	125	375
Total other current expenditures	<u>\$ 500</u>	<u>\$ 351</u>	<u>\$ 149</u>
	<u>\$ 8,300</u>	<u>\$ 7,019</u>	<u>\$ 1,281</u>
<b>Board of Review</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 2,500	\$ 1,165	\$ 1,335
Capital outlay			
Other current expenditures			
Travel	-	-	-
Printing and publishing	-	-	-
Training	-	-	-
Miscellaneous	200	60	140
Total other current expenditures	<u>\$ 200</u>	<u>\$ 60</u>	<u>\$ 140</u>
	<u>\$ 2,700</u>	<u>\$ 1,225</u>	<u>\$ 1,475</u>
<b>Treasurer</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 10,000	\$ 9,040	\$ 960
Capital outlay	-	-	-
Other current expenditures			
Contracted services	5,000	2,513	2,487
Travel	500	428	72
Telephone	-	-	-
Postage	-	-	-
Training	-	-	-
Miscellaneous	200	154	46
Total other current expenditures	<u>\$ 5,700</u>	<u>\$ 4,574</u>	<u>\$ 2,605</u>
	<u>\$ 15,700</u>	<u>\$ 13,614</u>	<u>\$ 3,565</u>

**TOWNSHIP OF STANTON**  
**GENERAL FUND**  
**DETAIL OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)**  
**FOR YEAR ENDED MARCH 31, 2004**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Township properties</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 1,000	\$ 773	\$ 227
Capital outlay	\$ 24,500	\$ 16,335	\$ 8,165
Other current expenditures			
Operating supplies	-	-	-
Utilities	4,500	4,200	300
Telephone	-	-	-
Repairs and maintenance	1,500	737	763
Miscellaneous	400	40	360
Total other current expenditures	<u>\$ 6,400</u>	<u>\$ 4,977</u>	<u>\$ 1,423</u>
	<u>\$ 31,900</u>	<u>\$ 22,085</u>	<u>\$ 9,815</u>
<b>Cemetery</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 4,500	\$ 4,486	\$ 14
Capital outlay	2,700	2,246	454
Other current expenditures			
Supplies	-	71	(71)
Repairs and maintenance	500	113	387
Miscellaneous	500	120	380
Total other current expenditures	<u>\$ 1,000</u>	<u>\$ 304</u>	<u>\$ 696</u>
	<u>\$ 8,200</u>	<u>\$ 7,036</u>	<u>\$ 1,164</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u><u>\$ 94,200</u></u>	<u><u>\$ 71,507</u></u>	<u><u>\$ 22,693</u></u>
<b>Public safety</b>			
<b>Police protection</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 350	\$ 300	\$ 50
Capital outlay			
Other current expenditures			
Travel	-	-	-
Miscellaneous	150	-	-
Total other current expenditures	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 150</u>
	<u>\$ 500</u>	<u>\$ 300</u>	<u>\$ 200</u>
<b>Building inspector</b>			
Personal services, salaries and wages			
Salaries and wages	\$ 7,000	\$ 5,960	\$ 1,040
Capital outlay			
Other current expenditures			
Operating supplies	-	-	-
Travel	-	235	(235)
Training	-	140	(140)
Miscellaneous	500	7	493
Total other current expenditures	<u>\$ 500</u>	<u>\$ 382</u>	<u>\$ 118</u>
	<u>\$ 7,500</u>	<u>\$ 6,342</u>	<u>\$ 1,158</u>
<b>TOTAL PUBLIC SAFETY</b>	<u><u>\$ 8,000</u></u>	<u><u>\$ 6,642</u></u>	<u><u>\$ 1,358</u></u>

**TOWNSHIP OF STANTON  
GENERAL FUND  
DETAIL OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)  
FOR YEAR ENDED MARCH 31, 2004**

	Budget	Actual	Variance Favorable (Unfavorable)
Public works			
Streets and roads			
Personal services, salaries and wages			
Salaries and wages	\$ -	\$ -	\$ -
Capital outlay	-	-	-
Other current expenditures			
Contractual services	-	-	-
Miscellaneous	200	135	65
Total other current expenditures	\$ 200	\$ 135	\$ 65
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 200</b>	<b>\$ 135</b>	<b>\$ 65</b>
Culture and recreation			
Parks and recreation			
Personal services, salaries and wages			
Salaries and wages	\$ 6,700	\$ 6,433	\$ 267
Capital outlay	10,400	7,985	2,415
Other current expenditures			
Office supplies	-	-	-
Operating supplies	-	940	(940)
Printing and publishing	-	-	-
Travel	-	71	(71)
Utilities	3,500	3,279	221
Repairs and maintenance	5,100	4,404	696
Miscellaneous	400	262	138
Total other current expenditures	\$ 9,000	\$ 8,956	\$ 44
<b>TOTAL PARKS AND RECREATION</b>	<b>\$ 26,100</b>	<b>\$ 23,374</b>	<b>\$ 2,726</b>
Other financing users-			
Operating transfers out- Other funds	\$ 78,500	\$ 78,500	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ 239,800</b>	<b>\$ 209,233</b>	<b>\$ 30,567</b>

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**TOWNSHIP OF STANTON  
SPECIAL REVENUE FUNDS  
COMBINED BALANCE SHEET  
MARCH 31, 2004**

	Road Fund	Totals (Memorandum Only)
<b><u>Assets</u></b>		
Cash in bank	\$ 79,461	\$ 159,971
Tases Receivable	2,677	158,785
Due from other funds	1,011	3,200
Total Assets	<u>\$ 83,149</u>	<u>\$ 170,547</u>
<b><u>Liabilities</u></b>		
Accounts Payable	\$ -	\$ 11,077
Deferred revenue	3,687	11,761
Total Liabilities	<u>\$ 3,687</u>	<u>\$ 22,838</u>
<b><u>Fund Equity</u></b>		
Fund balance - unreserved	\$ 79,462	\$ 147,709
Total Liabilities and fund equity	<u>\$ 83,149</u>	<u>\$ 170,547</u>

**TOWNSHIP OF STANTON  
SPECIAL REVENUE FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
MARCH 31, 2004**

	Fire Fund	Road Fund	Totals (Memorandum Only)
<u>Revenues</u>			
Taxes current levy	\$ 53,354	\$ 23,524	\$ 76,878
Taxes delinquent	4,915	2,245	7,160
Investment income	380	1,998	2,378
<b>TOTAL REVENUES</b>	<u>\$ 58,649</u>	<u>\$ 27,767</u>	<u>\$ 86,416</u>
<u>Expenditures</u>			
Fire protection			
Operating Expenditures	\$ 16,559	\$ -	\$ 16,559
Capital outlay	25,262	-	25,262
	<u>\$ 41,821</u>	<u>\$ -</u>	<u>\$ 41,821</u>
Public works			
Road improvement			
Capital outlay	\$ -	\$ 139,280	\$ 139,280
<b>TOTAL EXPENDITURES</b>	<u>\$ 41,821</u>	<u>\$ 139,280</u>	<u>\$ 181,101</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 16,828</u>	<u>\$ (111,513)</u>	<u>\$ (94,685)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers from other funds	<u>\$ 3,500</u>	<u>\$ 75,000</u>	<u>\$ 78,500</u>
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	<u>\$ 20,328</u>	<u>\$ (36,513)</u>	<u>\$ (16,185)</u>
Fund balance, April 1	<u>47,919</u>	<u>115,975</u>	<u>163,894</u>
Fund balance, March 31	<u><u>\$ 68,247</u></u>	<u><u>\$ 79,462</u></u>	<u><u>\$ 147,709</u></u>



**TOWNSHIP OF STANTON  
SPECIAL REVENUE FUNDS  
DETAIL OF BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	Fire Fund			Road Improvement Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>						
Taxes current levy	\$ -	\$ 53,354	\$ 53,354	\$ -	\$ 23,524	\$ 23,524
Taxes delinquent	-	4,915	4,915	-	2,245	2,245
Investment income	-	380	380	-	1,998	1,998
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ 58,649</b>	<b>\$ 58,649</b>	<b>\$ -</b>	<b>\$ 27,767</b>	<b>\$ 27,767</b>
<b><u>Expenditures</u></b>						
Public safety						
Fire protection						
Operating Expenditures	\$ -	\$ 16,559	\$ (16,559)	\$ -	\$ -	\$ -
Capital Outlay	-	25,262	(25,262)	-	-	-
	<b>\$ -</b>	<b>\$ 41,821</b>	<b>\$ (41,821)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Public works						
Road improvements	\$ -	\$ -	\$ -	\$ -	\$ 139,280	\$ (139,280)
Capital outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 41,821</b>	<b>\$ (41,821)</b>	<b>\$ -</b>	<b>\$ 139,280</b>	<b>\$ (139,280)</b>
<b>EXCESS OR REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 16,828</b>	<b>\$ 16,828</b>	<b>\$ -</b>	<b>\$ (111,513)</b>	<b>\$ (111,513)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers from other funds	\$ -	\$ 3,500	\$ 3,500	\$ -	\$ 75,000	\$ 75,000
<b>EXCESS OF REVENUES AND OTHER SOURCES(EXPENDITURES AND OTHER USES)</b>	<b>\$ -</b>	<b>\$ 20,328</b>	<b>\$ 20,328</b>	<b>\$ -</b>	<b>\$ (36,513)</b>	<b>\$ (36,513)</b>

See notes to financial statements

### **Trust and Agency Funds**

Trust funds are used to account for assets held by the Township in a trustee capacity. Agency funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments and/or other funds.

**TOWNSHIP OF STANTON  
ALL AGENCY FUNDS  
COMBINED BALANCE SHEET  
MARCH 31, 2004**

	<u>Trust and Agency</u>
<b><u>Assets</u></b>	
Cash in bank	\$ 51,103
Total Assets	<u>\$ 51,103</u>
<b><u>Liabilities</u></b>	
Due to other funds	
General fund	\$ 2,203
Fire fund	2,189
Road fund	1,011
Due to schools	1,120
Due to CCISD	431
Due to county	11,262
Due to others	32,887
Total Liabilities	<u>\$ 51,103</u>

**TOWNSHIP OF STANTON  
ALL AGENCY FUNDS  
COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR YEAR ENDED MARCH 31, 2004**

**Current Tax Collection Account**

	Balance March 31, 2003	Additions	Deductions	Balance March 31, 2004
<b><u>Assets</u></b>				
Cash in bank	\$ 50,504	\$ 770,626	\$ 770,027	\$ 51,103
Total assets	<u>\$ 50,504</u>	<u>\$ 770,626</u>	<u>\$ 770,027</u>	<u>\$ 51,103</u>
<b><u>Liabilities</u></b>				
Due to other funds				
General fund	\$ 1,678	\$ 37,591	\$ 37,066	\$ 2,203
Fire fund	2,240	48,464	48,515	2,189
Road fund	1,034	22,373	22,396	1,011
Sewer fund	-	3,240	3,240	-
Due to schools	840	198,131	197,851	1,120
Due to county	11,359	376,920	377,017	11,262
Due to CCISD	705	50,780	51,054	431
Due to others	32,648	33,127	32,888	32,887
Total liabilities	<u>\$ 50,504</u>	<u>\$ 770,626</u>	<u>\$ 770,027</u>	<u>\$ 51,103</u>

## **ENTERPRISE FUND**

The Enterprise fund is used to account for the operations that are financial and operated in a manner similar to private business or where the intent of the board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary from management accountability.

**TOWNSHIP OF STANTON  
ENTERPRISE FUND  
BALANCE SHEET  
MARCH 31, 2004**

**Assets**

Cash in bank	\$14,898
Assessments receivable	480
Total Assets	<u>\$15,378</u>

**Liabilities**

Due to General Fund	\$10,000
Deferred revenue	480
Total liabilities	<u>\$10,480</u>

**Fund Equity**

Retained Earnings	<u>\$4,898</u>
Total liabilities and fund equity	<u>\$15,378</u>

**TOWNSHIP OF STANTON  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
MARCH 31, 2004**

	<u>Sewer Fund</u>
Operating Revenues:	
Sewer Assesment	\$     3,590
Operating Expenses - Consulting	<u>800</u>
NET INCOME FROM OPERATIONS	\$     2,790
Non-operating revenues- interest income	<u>122</u>
NET INCOME	\$     2,912
Retained Earnings beginning of year	<u>1,986</u>
RETAINED EARNINGS END OF YEAR	<u><u>\$     4,898</u></u>

TOWNSHIP OF STANTON  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
MARCH 31, 2004

	<u>Sewer Fund</u>
Cash flows from operating activities:	
Net income from operations	\$ 2,790
(Increase) decrease in	
Assessments Receivable	(200)
(Decrease) increase in	
Deferred revenue	<u>200</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 2,790</u>
Cash flows from investing activities:	
Interest income	<u>\$ 122</u>
Increase in cash during year	\$ 2,912
Cash beginning of year	<u>11,986</u>
CASH AT END OF YEAR	<u><u>\$ 14,898</u></u>



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906-482-2358

September 13, 2004

The Honorable Supervisor and Members  
TOWNSHIP OF STANTON Board  
Houghton, MI

### **Management Letter**

In connection with our audit of the general purpose financial statements of the TOWNSHIP OF STANTON for the year ended March 31, 2004, the following comments and recommendations concerning accounting procedures and controls in effect in the Township are presented for your consideration.

1. We noted that the special revenue funds did not have budgets adopted for them. We recommend that budgets be adopted for all funds and budget amounts be amended as necessary.
2. The Township does not maintain a general fixed asset account group as required by governmental accounting principles. We recommend that the township establish a general fixed asset account group.

These comments have appeared in previous audits.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our examination of the March 31, 2004, financial statements, and this report does not affect our report on the financial statements dated September 13, 2004.

This report is intended solely for the use of management and should not be used for any other purpose. The comments contained herein are submitted as constructive suggestions to assist the Township in strengthening controls and procedures, and are not intended to reflect upon the honesty or integrity of any employee.

We would be happy to discuss any of the comments in this report, and would like to thank the officials and employees of the Township for the courtesy and cooperation shown us during our audit.

Respectfully Submitted,

*Michael J. Jutila, CPA.*

Michael J. Jutila, CPA  
Certified Public Accountant  
Jutila, Jorgenson, and Associates PC